RJ Reynolds
Tobacco Company

VIA E-MAIL

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TO: D. L. Wilmesher

RE: New York Metro Region #1200
February 1995 Status Report

- Currently the Region's DORAL case shipments are up 37% year-to-date, however, MONARCH is tracking at a 59% loss. Due to the high MONARCH shipments, all Divisions are now re-evaluating their discounting strategy to ensure that we're not omitting MONARCH in those stores where the competition is actively discounting. The Region initially began to work DORAL aggressively since it was identified as our primary Savings brand, and strong gains have been made in distribution and presence. The focus now will be to continue the heavy pressure on DORAL, but at the same time, treat MONARCH equally until DORAL takes up the slack in volume and share.

- The Region's Full Price shipments continue to be soft (-16.9% versus 1994), with one exception being the most current shipping week. The overall price gap for Full Price continues to be minimal, which appears to play into the hands of Philip Morris. In many stores, there is no discounting activity on the Savings brands, and in-turn, a 35¢ or less gap on Full Price exists. Our discount spending in these stores is minimal.

ACTION PLAN:

- Expand SELECT and CAMEL distribution in lower volume calls.
- Introductory distribution will be displayed with 20¢ discount.
- Move to two Full Price displays in as many calls as possible.
- Improved display positioning and advertising impact.
- Improved store front and interior brand presence.
- Maximize distributor promotion participation.
- Utilize second Full Price display to also support Base WINSTON.
- Weekly Direct Account inventories on priority brands.
- And most importantly, use our limited Full Price discounting budget in those retail stores where it will do us the "most good."

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Source: https://www.industrydocuments.ucsf.edu/docs/jybp0000

- No Car Stock Program: All Managers in the Region are now jointly developing a Region program to implement the elimination of car stock. For the New York Metro Region, it will be two separate plans. In the two New Jersey Divisions, it's quite apparent that full implementation of no car stock will be accepted and implemented with minimal problems. The three New York Divisions that rely heavily on cash sales, will be a different story. With 15% of their total case shipments sold for cash by the Sales Representatives, a modified plan appears to be the best business decision. This plan will be completed in the next two weeks and will be discussed with you prior to actual implementation.

- Personnel: The current status is listed below.

	VACANCIES		SC/LTD	
DIVISION	F/T	SR-T	SC	LTD
Manhattan	3	1	-	-
Brooklyn	-	-	-	-
North Jersey	-	-	1	-
Queens	2	-	1	-
Central Jersey	1	1	1	-
TOTAL:	6	2	3	0

- Competitive Activities:

Brown & Williamson (ATC) is now presenting their new merchandising contract in three of five Divisions. In most cases, they are consolidating the B&W and ATC displays into two new displays. In the inner-city calls of New York City, many stores are ending up with one large B&W display that is two trays for Full Price (Kool/Carlton) and two trays for Savings (GPC/Montclair). In most cases, we are improving our display location for Savings and in a percentage of stores, gaining a second Full Price display, due to the overall reduction in total displays due to the B&W/ ATC consolidation. So far, the new B&W merchandising program has not created a problem for our displays.

Competitive Programs:

- Heavy Kool B1G1F allocations in the New York City Divisions (primarily Kool Box and Kool Milds).
- Newport 30¢ off-a-pack VPR's and coupons (all Divisions).

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Source: https://www.industrydocuments.ucsf.edu/docs/jybp0000

Manpower

- Currently, the North Jersey Division and Central Jersey Division Managers are exploring the workability and benefits to creating vertical assignments to deal with the "controlled" chain stores. Due to the small percentage of chain stores in the Region, this concept will not be widespread, however, utilizing Part-Time Promotional Reps, could be a cost efficient and productive way to address the situation. We're looking at April to implement the plan that is under development.

- The Region has begun selling VAP to monthly accounts, targeting promotions to package outlets with higher Marlboro share. Estimated completion of templates by May 1st.

- The Region has 60% of the 4th Quarter Co-Marketing budget remaining to spend. Every effort will be made to improve timing and make a Region wide program with 1st Quarter money targeted exclusively to Base WINSTON.

- FOCUS: Ten Direct Accounts are currently on Plan B, which is down from 22 that participated during the first program. This decrease is due to accounts now being held accountable to report sales. Plan A customers are down an average of .63% through January. It appears this is attributed to higher Marlboro inventory and sales during the December/January Marlboro holiday program. At the same time, the high allocations in New York City of Kool B1G1F and continued steady Newport growth in the city, are major contributors to the share losses.

- Wakefern/Shop-Rite (180): The Base WINSTON December "Price Plus" Program ($2.00 scanner Buy-Down), worked extremely well with Base WINSTON showing +88% case shipments compared to December 1994.

- Quick Chek (100): The new Forsyth Brand COURIER (December introduction), now has a 7% share-of-market. Prior to COURIER, only 6% of the chain's sales were Savings brands. The RJR total share in the chain has now grown 3% SOM (incremental).

Sincerely,

Mark

M. A. Young

MAY/ams

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